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Sugar and Molasses.....	\$95,000,000
Wool.....	89,000,000
Coal (Anthracite).....	33,000,000
Coal (Bituminous).....	43,000,000
Silk.....	42,000,000
Vehicles.....	35,000,000
Breadstuffs.....	29,000,000
Chemicals.....	26,000,000
Hides and skins.....	22,000,000
Rubber.....	21,000,000
Flax, Hemp and Jute.....	19,000,000
Tobacco.....	16,000,000
Leather.....	16,000,000
Furs.....	14,000,000
Tea.....	11,000,000

Canada's total import trade for the twelve months ending September, 1920 was \$1,325,767,940. The value of Canada's export trade for the same period was \$1,208,919,000.

Canada has still much to learn about foreign trade. The proposed establishment of an Empire bank to stabilize exchange between the United Kingdom and the British Dominions would undoubtedly be helpful. The customs

preference now being given by the United Kingdom on motor cars, musical instruments, wines and a few other products from the overseas Dominions may be extended in the near future. Other preferential arrangements may develop. In markets, which are not British, Canada must meet the competition of the world. This requires special machinery in the nature of exporting corporations, steamship facilities and banking arrangements.

Much of Canada's exports is now sold through New York exporting houses, but Canadian export companies are growing in number and strength. Two of the leading Canadian chartered banks have agencies in Cuba, British West Indies, Mexico and South America. The number of steamers engaged in foreign trade is increasing. As all these features expand, Canada will probably maintain the record which she has already made as a reliable and energetic foreign trader.

The International Trade Situation in South America

By WILLIAM C. WELLS

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TO appraise the present status of South American international trade it is necessary that we have a correct understanding of what this trade was before the war, what had been its development and what its tendencies were. More than all we must understand what was its economic base. Four-fifths of the trade was with the countries that took part in the Great War; nine-tenths, if we do not count the non-competitive and the interstate trade. The war produced temporary changes in the currents of South American trade and industry and some of these may prove to be permanent.

Complete returns for working out the percentages of 1920 can not yet be assembled, but partial reports make it certain that no material change in the current of trade has occurred since January 1, 1920.

Before the war about two-thirds of South America's exports were to Great Britain, the United States, Germany and France. Leaving out the interstate frontier exports, which are only in a technical sense international, practically the whole export trade was to the United States and Western Europe and nearly 90 per cent to the four countries mentioned. It could not be otherwise, for these were the great manufactur-

SOUTH AMERICAN TRADE WITH PRINCIPAL COUNTRIES

Year	<i>Imports from</i>				
	Great Britain	France	Germany	United States	Total for the four countries
	<i>Per Cent</i>	<i>Per Cent</i>	<i>Per Cent</i>	<i>Per Cent</i>	<i>Per Cent</i>
1912.....	28.27	8.74	18.65	15.97	71.63
1913.....	27.98	8.77	18.51	16.41	71.67
1914.....	28.60	7.09	16.88	17.60	70.17
1915.....	23.85	4.88	...	29.87	58.60
1916.....	23.61	5.17	...	38.23	67.01
1917.....	19.44	4.48	...	43.85	67.77
1918.....	22.10	4.35	...	37.65	64.10
1919.....	20.15	3.53	0.30	41.92	65.90
<i>Exports to</i>					
1912.....	22.91	8.81	13.31	20.98	66.01
1913.....	24.31	9.05	13.95	17.61	64.92
1914.....	28.39	7.55	9.93	25.64	71.51
1915.....	25.33	8.12	...	28.91	62.36
1916.....	15.43	11.17	...	36.00	62.60
1917.....	22.82	10.27	...	42.19	75.20
1918.....	28.44	9.38	...	34.07	71.89
1919.....	23.45	13.53	0.20	34.40	71.58

ing countries which alone could utilize the raw industrial products of South America. Europe, especially Great Britain, was the locality where the raw food products were required.

On the other hand, South America needed manufactures of all kinds. Outside of a few food deficiencies in certain countries, supplied in the main by neighboring countries, the only imports of South America were of manufactures, so that the countries to which their raw products went were the same and the only countries from which the imports came, or could come.

The war produced certain changes in the distribution of exports and imports, but it did not and could not alter the essential fact that the United States and Western Europe were the only sources from which South America drew its needed supplies and the only markets wherein to sell its produce. Here and elsewhere in this article Canada is viewed as an economic extension of the United States (or of Great Britain, if one so chooses).

If the war had gone to the extent of producing a débâcle of social and economic organization in the United States and in England, France, Belgium and other countries of Western Europe, all the countries of Latin America would have been thrown back upon themselves. There would have been no market for the sale of their produce, nor any competent to supply their needs. But the war did not produce such an effect, and we who are optimists do not believe that it will, notwithstanding what has happened in Russia and the partially disorganized state of Germany. Yet the war did to a certain extent throw Latin America back on its own resources, but not to any great degree nor so much as is generally believed. It was difficult to secure all that was needed even at the advanced prices. Some things at times were not procurable at all and the market for some products, coffee and nitrate for example, was at times restricted. The result was to give a stimulus to manufacture, especially of

textile goods, and to lessen production of exportable products when markets were restricted. But neither increased manufacture nor decreased agricultural and mining production assumed more than minor proportions. The large movement was the other way towards stimulated agricultural and mining production and an increasing dependence on the United States and Western Europe for manufactured products.

In the main these demands were met. South America increased, as far as it could, the exportation of food of the same kinds it had always exported, but—and this is the more significant fact—it began the exportation of foods it had not theretofore exported or produced, such as beans and dairy products, and it extended the area of its meat and grain production. The war gave a start in South America to a more diversified agricultural and grazing industry. In fact, the impulse was and is felt in all of its industries. But on the whole, the effect was not, and will not prove to be, any weakening of the interdependence of South America on one side and the United States and Western Europe on the other. Rather the two sides have become to a larger degree complementary.

In the distribution of the trade there were many changes. Germany and the countries of the German group were shut off, not, of course, because of any economic fact or reason, but by the stern decree of the allied and opposing powers who ruled the Seas. Not all the German trade was shut off, a very considerable trickle passed back and forth through Holland and the Scandinavian countries. However disturbing this last fact was to the war offices of the Allied powers, it in no way affected the economic situation of South America.

Many factors enter into the problem whether a country, or a great section

of the world is self-sustaining, or may become so in the event of great stress such as the war brought about. Under modern conditions no locality, not even the most inaccessible portion of the globe, is strictly speaking self-sustaining. Civilization tends towards making the world more and more interdependent. Nevertheless, certain countries could maintain a more or less even tenor of individual life although an impenetrable curtain were dropped to shut them off from all the rest of the world. Such a country is the United States or China. In a lesser degree Germany and France under the same condition might maintain their industrial and social civilization without radically destructive changes.

On the other hand, the whole foundation and superstructure of industrial and social life of Great Britain or of Argentina would be uprooted and cast down if the country were thrown back upon itself. A very little reflection will show the soundness of the observation and account for what at first glance may appear a fanciful grouping of the United States and China, and Great Britain and Argentina. Among the highly developed industrial countries, especially of high manufacturing development, the United States is, in the matter of self-dependence, at one pole and Great Britain and Belgium at the other, with France and Germany between. Among the undeveloped or slightly developed countries, and again with special reference to manufacturing industry, China is in the main independent because its standard of living has not yet advanced to the point of requiring much of what it does not itself produce. Like the United States it is independent, but for a different reason. South America is like England in that it has built its house upon the foundation of having and using what it does not produce. It is also like England in

that it produces large excesses of the things which it does produce. In the matter of dependency on foreign trade, therefore, South America stands with England, although its industry is the exact antithesis of England's.

To have shut South America off during the war would have caused almost as disastrous an effect there as would have been caused in England had Germany succeeded in maintaining an impenetrable submarine cordon around the British Isles. It would, when the reserve stock of foreign goods was exhausted, have thrown all South America back to the stage of primitive agriculture, living from hand to mouth. Large production would have ceased, the mines not have produced, the herds of cattle would have starved or wandered away to the forest, the wheat and corn lands would have lain fallow, coffee plantations would have grown to brush, the cities would have emptied, the railroads would have ceased to operate and only the simple handicrafts would have functioned; for the mines, the great herds of cattle, horses and sheep, the broad stretches of waving corn, wheat, flax and oats, the thousands of miles of green coffee trees in rows, the plantations of cacao, the mountains of rubber gathered from the forests, the innumerable bales of hides, skins and wool that crowd the docks all exist and have been called into being to supply a foreign demand. A tithe or a tithe of a tithe of these things would supply South America's own needs, but none of them, nor all together, respond to the need for machinery, tools, railway supplies, hardware and the thousand and one other articles of modern civilization which South America must have but does not make and can not improvise.

The war threw into high relief the dependency of South America on foreign trade, incoming and outgoing, but

it did not alter or appreciably decrease this dependency. What little it gained in independency by enlarged manufacture was more than offset by increased production of the exportable products. Furthermore, it is more than doubtful whether increasing manufacture in South America at the present time, or for a long time to come, does or will lead to a lesser dependence on foreign imports. It broadens the field, creates a demand for more tools and appliances, and for raw material as in the case of cotton. Especially does it create a demand for the secondary materials of manufacture, the trimmings, the fastenings, the ornamentation, the chemicals, in short, all of what one may call the fluxes of manufacture.

Not only did the war not lessen the dependency of South America on foreign trade; it did not radically upset the destinations and derivations of this trade. At the most it was a shifting within identical groups. The chief and only considerable source of South American imports was the group of the United States, Great Britain, France, Germany and Belgium, and this group was the same that received South American exports. In general, Spain, Italy, Austria, Holland, the three Scandinavian countries and all others appearing in the statistical tables as having a part in South American trade did not enter seriously into the problem of competition. Either their trade was specialized, or it was small, or it was transit.

With all the members of the chief group engaged in a life and death struggle that taxed and strained to the utmost their resources, it might have been expected that the countries of the second group, who remained neutral, would have captured the South American trade. Such has been the result of past wars and such some persons antici-

pated would be the result of this war. These persons failed in understanding that while Sisyphus might roll a great stone it was Atlas alone who could bear the burden of the world. Spain, Holland and the other neutrals did not capture South American trade simply because they could not carry the load. They had not the industrial plant sufficient to handle more than a very small fraction of South American produce, nor could they from their own production supply the volume and almost infinite variety of South American imports. They had not the skill, the organization, the material, nor the personnel for such an undertaking. Their industries were constituted to meet lesser requirements. They did increase their trade up to the limit of the possible, but the chief increase was a more or less disguised transit trade to the belligerent countries of the main group.

The chief effect of the war was a shifting within the main group. Belgium entirely and Germany almost entirely were shut off. Imports from England and France decreased, and exports of food products to the same countries remained the same or increased. Exports of industrial raw materials to France and England decreased. The slack in every case was taken up by the United States. What the other members of the group, including Germany and Belgium, or what the neutral group could not supply the United States did. What they could not buy, it bought. There was much talk in Europe and in South America of unfair advantages taken. Here there was a complementary and provocative outcry from a like class that may be epitomized in one phrase: "Now is our opportunity." In truth on both sides it was puerile chatter having no regard to the actualities of the case. The war threw all international selling to the

passive side. He who had goods to sell did not need to cry his wares. The buyer came to him. South America, which had always been both a passive seller and a passive buyer, remained passive as to selling, but it became active as to buying. Not only South America but all the world was in the mad rush to buy. Argentino, Briton, Frenchman and Hollander, armies, navies, government boards, civilians, all were in a scramble to buy, buy. The seller, he who had, was in the saddle, all others trailed at his bridle rein. He was not thinking of "opportunities" in the future. His opportunity was the present and he drove it to the limit. At the end the one enduring thought that remained in the mind of the buyers was resentful. This is why South America now cries loudly for the return of German trade. It feels that although it was not in the war it has been made to pass through the Caudine Forks.

The resentment is chiefly towards the United States but in a lesser degree toward England. The angry feeling will cool, but it exists and must be reckoned with. South America will come to appreciate the fact that the same causes that drove the prices up on what it had to buy also drove them up on some things it had to sell. It will understand that economic dependence is correlative.

Before the war the exports of the twenty Latin American republics to the United States (in 1913, \$478,000,000) was not far from being equal to the exports to both Great Britain and Germany (\$330,000,000 and \$192,000,000). Leaving out the exports of meat and grain from Argentina and Uruguay, which the United States did not need and which therefore did not enter into the competitive trade, and leaving out also the interstate trade, the exports of industrial raw materials (including wool, hides, tallow and

other by-products of the meat industry, and including also tropical foods, cane sugar, coffee, cacao, fruits, etc.) to the United States were greater than the exports to Great Britain, Germany and France combined. After the close of the war (1919), France remained at about the same proportion and the United States and Great Britain to-

not and is not nearly so great. Although on the export side it took more of South American industrial raw material and tropical foods than did England and twice as much as did Germany, yet it was behind England in the whole export field and only 25 per cent ahead of Germany, and on the import side it was behind both countries.

SOUTH AMERICAN INTERNATIONAL TRADE

Exports to (000 omitted)

	United States	Great Britain	Germany	France
1913.....	\$222,225	\$281,988	\$162,026	\$104,971
1919.....	\$760,546	\$518,410	\$299,232

Imports from (000 omitted)

	United States	Great Britain	Germany	France
1913.....	\$167,523	\$285,555	\$188,900	\$89,520
1919.....	\$563,457	\$270,923	\$47,599

gether had taken over exports to Germany increasing their proportions to this extent but not changing their relative standing to each other, about 2 to 1.

On the import side before the war (1913) for the twenty countries, the United States and Great Britain ran nearly together (United States, \$331,000,000; Great Britain, \$323,000,000) with German about two-thirds of the British, and French one-half the German trade. At the close of the war, imports from the United States stood three and one-half times the imports from Great Britain (1919, United States, \$1,011,548,000; Great Britain, \$294,313,000).

The preponderance of the United States in South American trade was

The German trade for 1919 was inconsiderable and in many cases not statistically differentiated.

Allowance must be made in comparing the figures of 1913 and 1919 for advances in prices. On a quantity basis 222 millions and 760 millions of exports compare about 1 to 2. So in imports 167 and 563 represent, not 1 and $3\frac{1}{2}$, but about 1 and $2\frac{1}{4}$.

Since the war South America has exported a much larger percentage of its products to the United States, and it also has exported more to England and to France. But it has decreased its imports from the last mentioned countries and makes up the difference in very much larger imports from the United States.

British Foreign Trade Promotion

By P. HARVEY MIDDLETON

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AN increase of seventy-eight per cent in total British exports for the ten months ended October, 1920,

is eloquent testimony to the efficiency of the machinery for the promotion of foreign commerce which has been